United Nations S/2004/215

Security Council

Distr.: General
17 March 2004

Original: English

Letter dated 3 March 2004 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

I write with reference to my letter of 3 November 2003 (S/2003/1057). The Counter-Terrorism Committee has received the attached third report from the Islamic Republic of Iran submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Inocencio F. **Arias**
Chairman
Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

04-27567 (E) 060404

Annex

Letter dated 3 March 2004 from the Chargé d'affaires a.i. of the Permanent Mission of the Islamic Republic of Iran to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

With reference to your letter dated 10 October 2003, I have the honour to transmit herewith the third report of the Islamic Republic of Iran prepared in response to the questions formulated by the Counter-Terrorism Committee (see enclosure).

(*Signed*) Mehdi **Danesh-Yazdi**
Ambassador
Chargé d'affaires, a.i.

Enclosure

Answers to questions 1.2 to 2 of the letter dated 10 October 2003 on the consideration of the Government of the Islamic Republic of Iran with regard to the implementation of the Resolution 1373:

Answer to Q1.2:

The Anti-Terrorism Bill was finalized on 19th November 2003 by the Cabinet of Ministers and has been submitted to the Parliament for final ratification. This Bill is composed of 3 chapters (general concepts and definitions, jurisdiction and rules of court and penalties) and 23 articles. In the first chapter, (general concepts and definitions) having defined Terrorism, different cases of terrorist crimes, on the basis of international conventions, have been specified. According to this draft Act, every deliberate violent act against internationally protected persons, sabotage in public and private assets and facilities, dangerous acts against aviation and airliners security, hijacking, wrecking and damaging vessels, financing terrorism, etc, has been criminalized. Also in this draft act, the method of recognizing groups and organizations as terrorists has been formulated. In the second chapter (jurisdiction and rules of court) legal proceeding of criminals convicted to terrorist acts has been defined. In the third chapter, penalties for these criminals have been defined. According to article 24 of the draft Act, for enforcement of this Bill and coordinating among concerned authorities for prevention and provisions of suppression of terrorist crimes, the National Anti-Terrorism Committee, composed of all competent authorities under the auspices of Supreme National Security Council will be established. Also based on article 25, Ministry of Justice, in coordination with the National Anti-Terrorism Committee, and in a 90 days period after ratification of this Act in the Parliament, will finalize the rules of procedure of this Act and will submit it to the Cabinet of the Ministers.

The Bill against money laundering is composed of 8 articles. In this Bill, money laundering has been defined as crime and the cases have been specified. According to this Bill a supreme council for fighting against money laundering will be established under the office of the First Vice-President with the membership of all departments whose obligations have been identified in this Bill. In other provisions of this Bill, individuals, institutions and organs covered by this Bill have been specified. In the last article, details of cooperation with other countries on fighting against money laundering have been defined. Consideration of this Bill in specialized commission of the Parliament has been concluded and the bill will be submitted to the plenary for final ratification.

Answer to Q1.3:

In the Islamic Republic of Iran, different laws and regulations monitor and control economic transactions and activities of monetary and financial institutions as well as intermediaries, aimed at preventing suspicious transactions. Some of the most important provisions are as follows:

- According to regulations and circulars of the Central Bank and the Council of Money and Credit, all banks and financial institutions, public and private, must report to their superiors every illegal or suspicious transaction or account. In this respect, preemptive regulations against money laundering in financial institutions, passed by the Council of Money and Credit which are all binding, set forth obligations as follows:

- In article 1, in addition to defining money laundering, suspicious transactions have been defined. Based on article one's note, these regulations apply to financing terrorist activities, as declared by the relevant departments.

- In article 2, financial institutions are bound to monitor all their clients transactions in order to detect suspicious transactions.

- Based on article 3, financial institutions are bound to ascertain the identity of their clients. In articles 11, 12 and 13, procedure of ascertainment of identities, public and private, has been defined.
- According to article 7, financial institutions must produce specific circulars on the implementation of these regulations, including reporting of suspicious cases and arranging training courses for the staff to recognize and prevent suspicious operations.
- In chapter 5 of these regulations (articles 17 to 24) under "suspicious banking operations and reporting them", reporting mechanism on suspicious cases has been elaborated. According to article 18, the Central bank, will immediately report suspicious cases to concerned authorities. According to article 21, reports on suspicious operations must include following details:
  1- Type of operation.
  2- Date, time and amount of transaction.
  3- Particulars and address of the person who has done the transaction.
  4- Particulars of the transaction beneficiary.
  5- Account numbers used for transaction or the operation.
  6- Evidence of suspicion.
- Based on article 21 subparagraph, the Central Bank of the Islamic Republic of Iran has to present a special form for the reports defined in these regulations.
- Financial institutions, based on information and circulars from authorities concerned, such as Supreme National Security Council, will take appropriate measures with respect to special cases, including suspicious cases of terrorism, regardless of legality or illegality of their financial operations.
- According to regulations relating to monetary and financial operations and based on articles 92 and 98 the Third Comprehensive Program for Economic, Social and Cultural Development of the Islamic republic of Iran, adopted on 6th April 2000, monitoring of financial institutions is a duty of the Central Bank of the Islamic Republic of Iran.
- According to article 42 of the monetary and banking Act, foreign currencies transactions and every banking operation aimed at transferring foreign exchange or money order, or transfer of local currency in and out of the country without observing Central Bank regulations is banned. According to this Bill, upon request of the Central Bank, the Attorney-General could issue an order to temporarily close down the violating institution. In case of the Central Bank's complaint, violating institutions may be sentenced to penalties such as provisional or permanent closure.
- The Central Bank of the Islamic Republic of Iran regularly issues precautionary warning through public media to prevent suspicious economic transaction.
- The General Auditing Organization, as the sole authority to audit the accounts of public corporations, in addition to auditing the financial records as official ombudsman, should report possible violation cases. Bearing in mind the large volume of private sector financial operations, this organization has engaged expert accountants for auditing them. Accordingly, the Auditing Organization is capable of chasing suspicious transactions.
- Under article 4 of the draft Bill against money laundering, which is under consideration in the Parliament, notary offices, lawyers, auditors, Ministry of Justice official experts and legal ombudsmen and all entities like banks, monetary and credit institutions, Islamic interest-free funds, foundations, charity organizations and municipalities must implement the regulations laid down by Anti-Money Laundering Supreme Council.
- Under second subparagraph of article 24 of Anti-Terrorism Act, institutions as well as civil and military organizations, upon request by National Anti- Terrorism Committee, are duty-bound to take all appropriate measures to prevent and fight against terrorist crimes, including immediate blocking of the

accounts belonging to terrorist individuals and groups and report their measures to the above-mentioned Committee.

- Under article 73 of the law regulating the activities of the notary offices and association of official registrars, passed in 1975, the afore-mentioned offices are audited by the organization of registry of deeds and real estates or association of heads of notary offices or special panel designated by Ministry of Justice or representatives of Ministry of Economy and finance. Financial activities of notary offices must be audited every six months.
- Chapter 6 of the Act of Registry of Deeds and Real Estates, passed in 1921 and its subsequent amendments, under the title of "crimes and penalties", has laid down the possible crimes committed by deeds and real estates offices, including registration of forged or fake documents (article 100) and penalties of perpetrators. Under article 102 of this Act, staff of these offices must ascertain the identity and eligibility of parties and applicability of this Act.
- According to article 2 of the Act of establishing the auditing organization, passed in 1981 and its amendments in 1996, the organization is the relevant organization for ongoing audit of all ministries, governmental departments, military and law-enforcement forces, public institutions, municipalities, notary offices, charity organizations, revolutionary institutions and organizations whose establishment has been fully or partly financed by the government or the government monitors their activities or offer assistance to them and all organizations that applicability of this act to them requires mentioning of their names.

Answer to Q1.4:

- Under current laws and regulations in the Islamic Republic of Iran money transfer among individuals, including by Hawalah, is carried out solely through banking network and non-bank credit institutions, whose operations is under control and is monitored by The Central Bank.
- According to banking and monetary regulations e.g. articles 3 and 11 of the regulations for preventing money laundering by financial institutions, passed by the Council of Money and Credit, ascertainment of identity both in individuals and entities is a prerequisite of all banking and financial operations including Hawalah.
- All monitoring, controlling and reporting mechanisms on suspicious operations, provided in money laundering prevention Act, addressed in answering previous question applies to Hawalah too.
- In addition to current regulations on Hawalah, the Central Bank has redirected to commercial banks the SWIFT recommendations to shift from MT 100 messaging to MT 103. In MT103, details of originator/remitter of Hawalah must be clearly pointed out.
- All banking and monetary operations by non-profit financial institutions e.g. Islamic interest- free funds are under supervision of the Central Bank.

Answer to Q1.5:

- The Ministry of Foreign Affairs distributes regularly the updated list of 1267 Committee in relation to Al-Qaeda and Taliban, among relevant authorities (members of National Coordination Committee). These authorities at the shortest possible time distribute this list to their subordinate departments for consideration and necessary measures. This list is also distributed among banking and financial institutions on a regular basis.
- Under current laws and regulations in the Islamic Republic of Iran, the Judiciary, especially prosecutors, has been empowered to deal with suspicious financial operations including the authority to freeze blocking bank accounts and confiscating assets generated from crimes.
- Article 1 subparagraph of the regulations for preventing money laundering by financial institutions which is mandatory, applies to financing terrorism upon declaration of relevant authorities.

- Suppression of financing terrorism and confiscating assets generated from terrorist activities has been provided specifically in Anti-Terrorism Act under following points:
- Under subparagraph 10 of article 3 of Anti-Terrorism Act, every deliberate measure for financing terrorist crimes including opening account, directly or indirectly, or providing credit and donation, financial facilities, smuggling foreign exchange, money and non-negotiable documents transfer and other economic activities have been criminalized.
- According to article 21 of the Act, in addition to penalties, terrorist groups will be disbanded and all their assets and accounts will be confiscated to the benefit of the government of the Islamic Republic of Iran.
- Under article 24 second subparagraph of Anti-Terrorism Act, institutions and civil and military organizations, upon request by National Anti- Terrorism Committee, are under obligation to take all appropriate measures to prevent and fight against terrorist crimes, including immediate freezing of the accounts belonging to terrorist individuals and groups and to report their measures to the above-mentioned Committee.
- In the practice of the Islamic Republic of Iran on signing legal assistance agreement with other countries a sample form is used. Article 20 of that form provides for confiscating assets generated by crime, if requested by other party. (Supplementary explanation will be presented in answering question 1/9).
- Should a country or international institution present enough details and evidence on suspicious funds, applicable for Iran's court system, blocking these funds through legal procedure may be considered.
- The whole process of sending out updated information of 1267 Committee to financial institutions until they receive appropriate warning and freeze the account could take approximately one month.

Answer to Q1.6:
- First chapter of fifth section of Islamic Penal Code begins with the crimes which are against internal and external security and the word security in the entire text applies to both internal and external security. Articles 512 and 516 Islamic Penal Code, therefore, applies to Iran's external security as well and any action damaging Iran's diplomatic relations endangers Iran's external security.
- Under the Punishing Perpetrators of Crime against Foreign Countries Act, operating from Iran's territory against foreign countries has been criminalized and is subject to prosecution.
- In article 610 of the Islamic Penal Code, penalties against perpetrators of crime against internal and external security and facilitators for these crimes have been laid down.
- Under article 20 of the Anti-Terrorism Act, founders, leaders and members of terrorist groups and those masterminding terrorist operations, regardless of their perpetrating in any crime, would be subject to 5 to 20 years of imprisonment.
- Under clause 1 of article 5 of the Islamic Penal Code, any Iranian or alien who perpetrate an act against the Islamic Republic of Iran and its internal/external security, territorial integrity and independence and then she/he is found in or extradited to Iran shall be put to trial.
- Articles 20 to 23 of the Anti-Terrorism Act also covers clause A. under these articles, founding, leading and membership in terrorist groups is a penalized crime. Property and assets of these groups would be confiscated. Accomplice in terrorist crime is also penalized.

Answer to Q1.7:
- The Islamic Republic of Iran, based on nationality of detainees, makes intelligence contacts to the respected countries and based on assessing Al-Qaeda threat and methods of confronting it, exchanges intelligence with effective countries in the region, in Europe and in other regions.

- The Islamic Republic of Iran, in line with security cooperation and fight against organized crimes, has entered into bilateral arrangements with a number of countries. List of these countries appeared in the second report of the Islamic Republic of Iran on Resolution 1373 (S/2002/266).

Answer to Q1.8:
According to article 155 of the Islamic Republic of Iran's constitution, granting refugee status to criminals by the government is illegal. Also based on clauses A and g of article 1 of the Geneva Convention on Refugees, passed in 1951 and joined by Iran in 1974, this convention does not apply to those who have committed war crimes and crime against peace and humanity. On this basis article 5 of executive order on refugees, passed in 1966 does not apply to those who have financed, planned, supported or perpetrated terrorist crimes.

Answer to Q1.9:
- As described in response to question 1.5, under clause 1 of article 5 of the Islamic Penal Code, any act against the Islamic Republic of Iran and its internal/external security, territorial integrity and independence has been criminalized. Consequently any operation from Iran's territory against foreign countries causing any risk for independence and external security of the Islamic Republic of Iran has been criminalized and is subject to prosecution.
- Under article 4 of the Islamic Penal Code, if a part of a crime takes place in Iran and its consequence occurs outside Iranian territory or part of a crime is committed inside or outside Iran and its consequences occur inside Iran, it shall be considered as a crime committed in Iran.
- Under the Punishing Perpetrators of Crime against Foreign Countries Act, operating from Iran's territory against foreign countries has been criminalized and is subject to prosecution.
- Under article 1 of the Anti-Terrorism Act, perpetrating violent acts and crimes by way of terrorizing people to undermine the decisions and measures of the Islamic Republic of Iran or other countries and intergovernmental organizations are terrorist crimes and subject to prosecution.
- Under article 502 of the Islamic Penal Code the term "national security" applies to both internal and external security of the Islamic Republic of Iran and applies also to terrorist activities in Iran's territory against foreign countries.

Answer to Q1.10:
- The Islamic Republic of Iran has signed legal assistance agreement with a number of countries including Russia, Azerbaijan, Arab Republic of Syria, Turkey, Pakistan and France and based on these arrangements considers the requests from these countries. Also negotiations for the same agreement with countries such as Tunisia, Greece, Kazakhstan, Turkmenistan and South Africa have been finalized and have been submitted for the consideration of the Parliament. These agreements have been formulated based on a sample form whose article 20 reads as follows:
1- Each party, according to its domestic laws considers the request of the other party to uncover assets originated from crime in their territory and inform the interested party of any conclusion.
2- The host country, based on its domestic laws, takes necessary measures to confiscate the profits and assets produced by crime.
3- Profits and assets emanating from crime, according to provisions of these agreements will be handed over to the interested party, unless otherwise arranged between the parties.
4- Third Party's interests will be maintained according to the host party regulations.
- Criminal extradition Act, passed in 1960, provides details of extradition formalities.

Answer to Q1.11:
- Yes. Bearing in mind the answer to question 1.7, provisions of the afore-mentioned article would apply to these persons.

Answer to Q1.12:
- The bill of UN International Convention against the Taking of Hostages, 1979, has been finalized in the Cabinet of Ministers and submitted to the Parliament for consideration. Draft bills on 3 below-mentioned conventions are under consideration in the Cabinet of Ministers:
1- International Convention for the Suppression of the Financing of Terrorism, in 1999.
2- Convention for the Suppression of Unlawful Acts against the safety of Maritime Navigation, done at Rome in 1988.
3- Protocol for the Suppression of unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, done at Rome on 1988.
- Draft bills for 3 below-mentioned conventions are under consideration in the Ministry of Foreign Affairs, in coordination with related departments:
1- Convention on the Physical Protection of Nuclear Material, in 1980.
2- Convention on the Marking of Plastic Explosives for the Purpose of Detection, in 1991.
3- International Convention for the Suppression of Terrorist Bombing, in 1997.
- In relation to penalizing crimes which are addressed in international instruments, but still uncovered under domestic laws, the Judiciary takes necessary steps to deal with these crimes through broader application of the existing laws such as the Islamic Penal Code.
Provisions of the 12 conventions for suppression of terrorism have been incorporated in the Anti-Terrorism Act.
The Anti-Terrorism Act and the Bill against Money Laundering which have been submitted to the Parliament are the outcome of a review of the existing laws.

2. Assistance and advice:
The Islamic Republic of Iran has done the following to utilize international experience and technical assistance with respect to the issues on suppression of financing Terrorism:

- Convening an international conference on fight against money laundering in coordination with UNDCP in Shiraz in May 2003.
- Participation of 4 Iranian experts from the Central Bank and the MFA in a seminar for suppression of financing terrorism, held jointly by UNDCP and legal department of the IMF, in Vienna in August 2003.
- A training workshop on fighting against money laundering and suppression of financing of terrorism, presented by legal department of the IMF for Iranian experts in November 2003.
- The Islamic Republic of Iran is fully prepared to hold seminars and specialized workshops for the experts of the countries in the region on different aspects of Resolution 1373. e.g. suppression of financing of terrorism and money laundering, fight against narco-trafficking, strengthening monitoring and control system in the banking network and so on.